

North Dakota Lottery

General Information for Lottery Retailer License Applicants

Eligible Businesses

Almost any retail business located in North Dakota can apply for a license to sell lottery tickets, including a: sole proprietor, partnership, corporation, non-profit organization (that has a retail business or conducts games of chance), and a "nongovernmental business on state property."

Information reported on the "Lottery Retailer License Application" is confidential, except for the applicant's name and location of the business. Certain information on the application is verified with the North Dakota Tax Department.

Credit Checks

A credit check is done on each applicant - sole proprietor, partnership, and corporation. If a partnership or corporation does not have a credit history with a national credit reporting company, the North Dakota Lottery may do a credit check on each partner of a partnership, or require the partnership or corporation to provide audited financial statements or provide a security deposit.

A **criminal history record check** is done for each

- Sole proprietor,
- Partner of a partnership, regardless of percentage of ownership,
- Shareholder who owns 5% or more of the stock in a corporation; and
- Corporate director and officer who is primarily responsible for financial affairs.

The lottery rules disqualify a business from being licensed as a lottery retailer if any of these individuals:

- Has been convicted of a felony in North Dakota or any other jurisdiction, unless at least ten years have passed since the person satisfactorily completed the sentence or probation imposed by the court;
- Has violated any lottery law or rule;
- Has a background, including a criminal record or prior activities, that poses a threat to the public interests of the state or to the security and integrity of the lottery; creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gaming; or presents questionable business practices and financial arrangements incidental to the conduct of lottery activities;
- Is an immediate family member of an employee of the North Dakota Lottery or of a member of the Lottery Advisory Commission; or
- Has knowingly made a false statement of material fact to the North Dakota Lottery.

When an applicant is selected for licensure, a record check also will be done on the business's general manager. A "general manager" is a person, other than a sole proprietor

or partner, who is employed by the business and is primarily responsible and accountable for managing and controlling the operation of the business.

Licenses will not be awarded to applicants if:

- The only product is lottery tickets,
- The business owes unpaid taxes, interest, or penalties to the state,
- The business has insufficient financial resources to support the activities required to sell lottery tickets.

Selection Criteria

The North Dakota Lottery will consider the following criteria for selecting applicants to license as retailers:

- Geographic or strategic location of a business in a town, city, or community, and its location in relation to population, highways, and traffic patterns;
- Accessibility of a business to the public and an unrestricted public access policy;
- Average number of customer sales transactions per day;
- Normal business hours and days of the week that the business is open;
- Number of years the business has been operating at its location;
- Historical gross sales of non-lottery products and or expected levels of gross sales of lottery tickets of a business;
- Physical security of a business, safety of the money derived from selling a ticket, and whether the business has a video surveillance or alarm system;
- Financial condition, financial responsibility, and creditworthiness of the business;
- Criminal history record, character, and reputation of a sole proprietor, partner of a partnership, in-charge manager of a sole proprietorship or partnership, and for a corporation, of an officer, director, and shareholder who owns five percent or more of the corporation's outstanding common stock;
- Sufficiency of an existing retailer to serve the public convenience in an applicant's town, city, or community;
- Anticipated or proven capability of a business to best serve the public interest by actively promoting the sale of a ticket, including displaying and providing point-of-sale promotional items to the public;
- Initial or incremental cost of installing and maintaining a terminal and telecommunications equipment at a business or difficulty of using preferred telecommunications equipment;
- Type of business and type of product, service, or entertainment offered at a business and whether it is acceptable to the general public, not adversely impact the credibility, reputation, or image of the lottery, and not compete with the lottery's product. An applicant's primary retail business may not be to sell a ticket;

- Type and volume of state government services available at a business, including fishing and hunting licenses;
- Recommendations of the vendor of the lottery's system and services;
- The applicant's completed Compliance Checklist related to the American with Disabilities Act;
- Type of building housing the business; and
- Site inspection.

Lottery Record/Credit Check Form

A "Lottery Record/Credit Check" form must be completed for each individual as appropriate (see Criminal History Record Check on page 1), and submitted with the application.

A ND record check will be conducted regardless of the individual's state of residence during the past five years.

An individual must list all states of residence for the past five years, and complete a separate "Out of State Authorization and Release" form for each state (other than ND) for which a record check is required. The Office of Attorney General will request a criminal history record check from each listed state. Most other states charge a fee and require additional forms of documentation. The additional fees and documents required (see "Schedule of Fees for Out of State Record Checks") with the application. The special forms and fingerprint cards required by some states can be obtained by calling the ND Lottery at 701-328-1574.

If a person has had a record check done within one year of when the applicant applies for a license and provides, with the application, a copy of the "request for record check" form and, if applicable, a copy of the Bureau of Criminal Investigation's criminal history record information, the person is not required to have another record check completed.

The Office of Attorney General may disseminate criminal history record information on a person only in accordance with North Dakota Century Code Chapter 12-60.

License Fee

The state may conduct and participate only in joint lottery (multi-state) games with other government authorized lotteries. The North Dakota Lottery may not conduct an instate lotto game, instant (scratch) ticket games, pick-3/4 numbers games, or video gaming devices. The Multi-State Lottery Association (MUSL) has approved the ND Lottery to participate in the games of Powerball, Hot Lotto, and Wild Card 2. The ND Lottery may participate in other MUSL multi-state games in the future.

Game Prizes and Odds

For the game of POWERBALL, the grand prize is a minimum of \$10 million, the odds of winning it are about 1 in 120.5 million, and the odds of winning any prize is about 1 in 36.

For HOT LOTTO, the grand prize is a minimum of \$1 million, the odds of winning it are about 1 in 10.9 million, and the odds of winning any prize is about 1 in 16.

For WILD CARD 2, the grand prize is a minimum of \$100,000, the odds of winning it are about 1 in 1.4 million, and the odds of winning any prize is about 1 in 6.

Sales Commission

A retailer will receive a commission of 5% of gross sales (less the value of defective tickets for which the retailer has received credit) of lottery tickets. A retailer will not receive a commission on the value of redeemed winning tickets or for selling a large prize winning ticket.

Items and Services Provided to the Retailer

The retailer will receive a lottery terminal, printer, lottery retailer and customer display signs, point-of-sale items (i.e. decals, game brochures, jackpot awareness signs, and play slips), telecommunications equipment, including satellite dish, antennae, transceiver, or other equipment suitable for the site, and installation, at no charge. Also, the retailer will receive training, sales assistance, support, and the vendor Hotline telephone number at no charge.

Licensing Agreement

- The "Licensing Agreement" will address these items:
- Compliance with the lottery law and rules
- Responsibilities of the retailer, including cooperation with the North Dakota Lottery, sales of tickets, payment of prizes, and services to players
- Responsibilities of the North Dakota Lottery to the retailer
- Use and control of the lottery terminal
- Recordkeeping
- Deposit of money and electronic funds transfers
- Liability and indemnification
- Suspension, revocation, and non-renewal of a license

EFT Bank Account

The North Dakota Lottery will provide the licensed retailer with information about setting up, maintaining, and using an Electronic Funds Transfer (EFT) bank account for lottery transactions. The retailer is responsible for any costs associated with the EFT account. All transactions with the Lottery will be done electronically. A chain of stores with two or more licensed retailers may be required to use one account.

Security Deposit

Under certain circumstances, the ND Lottery may require a retailer to provide a security deposit for a period of time – a minimum of one year. The amount required will depend on the credit check. The Lottery will notify an applicant if a security deposit is necessary. The Lottery continually reviews the credit history of licensed retailers. If a retailer does not maintain an acceptable credit history, the Lottery will require the retailer to provide or increase a security deposit.

Installation of Lottery Terminal & Equipment

The ND Lottery's vendor, Scientific Games, International, Inc. will have its technicians install the lottery terminal, equipment and signs. The lottery terminal and printer are installed on the service counter, with the transceiver, telephone channel interface, or other telecommunications equipment immediately below. The backside of the terminal has a display that must be visible to customers.

Each retailer also receives two interior signs. When mounted, one sign faces outside and identifies the business as a lottery retailer, while the second is an electronic scrolling sign displaying lottery game information for customers.

The retailer is responsible for paying the installation expense of a duplex electrical receptacle dedicated for the lottery terminal and equipment, and monthly electrical expenses of operating this equipment. The North Dakota Lottery will provide a schematic of the required location, amperage, voltage, and wiring.

Approval from the Owner of a Retail Building

If a licensed retailer leases the retail building, the retailer must procure a signed and dated letter of authorization from the owner of the building or premise to authorize installation of any necessary satellite telecommunications equipment at this business building. The equipment normally includes a satellite dish (36" x 36"), a non-penetrating roof or pole mount to support the dish, and cabling. If authorization is not received, the lottery will consider alternative types of telecommunications for the applicant's site.

Minimum Sales

Before the start of the second or third fiscal year of selling lottery tickets, a retailer may be required to maintain a minimum weekly sales average to continue to be a lottery retailer. Additional information will be provided to the retailer before any minimum sales program is introduced.

Questions

If you have a question, please call the North Dakota Lottery at **701-328-1574**. You may also contact the Lottery at: Office of Attorney General, Lottery Division, 600 E. Boulevard Avenue Department 125, Bismarck ND 58505-0040.

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